THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) to (c). Indian tea is already being exported to Pakistan. In 1996-97, 90 MT of tea is estimated to have been exported to Pakistan in the six months ending September, 1996. All attempts are being made to increase indian tea exports to that country.

[English]

Task Force on Tea Production

3122. SHRI P.R. DASMUNSI : Will the Minister of COMMERCE be pleased to state :

(a) whether any Task Force or working group on tea production upto 2010 has been set up or proposed to be set up to ensure sufficient tea production for domestic supply and export; and

(b) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) No, Sir.

(b) Does not arise.

Policy for Foreign Direct Investment

3123. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have framed any policy regarding an annual Foreign Direct Investment (FDI) inflow;

(b) if so, the broad features thereof;

(c) whether the Reserve Bank of India's study is openly sceptical of FDI inflows, talking of the irrelevance of further liberalisation;

(d) whether his Ministry has at any stage considered the results of the impact study of FDI on two major dynamic aspects of development, technological capability and export promotion; and

(e) if so, the details thereof;

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b). The Government's policy towards foreign direct investment (FDI) is to encourage a larger flow of FDI especially in critical sectors such as infrastructure and export potential industries. The Common Minimum Programme has shown a target of an annual inflow of 10 billion to be achieved in future.

(c) The RBI's study while commending the current policy on foreign investment and foreign technology (foreign collaboration) has observed that liberalisation policy is not the sale determinant of FDI inflows and that the policy environment while being important is not the only factor; it has to be supplemented by broader economic environment in the location of FDI. The study refers to the relevance of liberalisation measures in the same context.

(d) and (e). The RBI's study mentions that within the limitations of the sample period, the results of its impact study of FDI on two major dynamic aspects of development, viz. technological capability and export promotion do not present an quivocal support to such a view point. The study also indicates that technology transfer is only one element of the technological capability and by itself is not adequate to ensure the dynamics of technological progress. Technological capability building of a developing nation in the contemporary world is a combined process of technology-import from external sources, domestic technology efforts and the relationship between the two. Technology import may stimulate or substitute domestic technology-efforts. The technological developments of Indian industry would be influenced by cost advantages and unrestricted freedom for technology import. The study notes that significant positive impact on exports by foreign collaboration firms; is not visible presumably because of the attractiveness of the large and growing Indian market.

Indian Tobacco Company

3124. SHRI MEHBOOB ZAHEDI :
SHRI AJOY MUKHOPADHYAY :

Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to instruct Financial institutions to block any move of UK based BAT to take-over ITC Ltd.; and

(b) if so, the facts and details in regard thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b). India shareholders (Including Financial Institutions) hold majority of the shares in ITC Ltd. Any decision regarding future of the company will necessarily have to be taken by the shareholders, Indian and foreign, in accordance with the provisions of the Companies Act.

Accommodation in Public Sector Undertakings

3125. PROF. RASA SINGH RAWAT : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Department of Public Enterprises has framed/issued any guidelines in respect of sharing of Government accommodation by employees of Public Sector Undertakings;

(b) if so, the details thereof; and

(c) if not, the reasons therefor and the time by which these guidelines are likely to be issued?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) No, Sir.

(b) Does not arise.

(c) The Department of Public Enterprises has not received any representation to this effect and thus there is no such proposal to issue any guideline in this regard.

Soil Notes

3126. SHRI AJOY MUKHOPADHYAY : Will the Minister of FINANCE be pleased to state :

(a) whether the people are facing difficulties to exchange soil notes;

(b) whether a large number of soil notes are in circulation in the country;

(c) whether any steps have been taken to withdraw these notes from the market; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) As per standing instructions issued by the Reserve Bank of India (RBI), all the branches of public sector banks have been authorised to afford free facilities not only to their own customers but also to others, for exchanging soiled currency notes including certain categories of mutilated notes. As and when complaints are received by the RBI, the same is looked into.

(b) to (d). Due to capacity constraints, the note printing presses in the country are not able to fully meet the ever increasing requirement of fresh notes by RBI. The gap is met by recycling the notes in circulation again and again and, as a result, the quality of notes in circulation has deteriorated. Such notes are withdrawn in phased manner by the Issue offices of RBI through more than 4000 currency chests maintained at public sector banks, as well as Govt. Departments and public. On an average, every year 4000 million pieces of soiled notes are withdrawn from circulation.

[Translation]

I.T. Exemption to Legislature

3127. SHRI THAWAR CHAND GEHLOT : Will the Minister of FINANCE be pleased to state :

(a) whether the Madhya Pradesh Government has requested the Union Government to give income-tax exemptions to legislatures of the State during 1995-96 and 1996-97; and

(b) if so, the details of action taken in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir. Two requests have been received from the Madhya Pradesh Government, the details of which are given in the reply to part (b) below.

(b) The first request of the Madhya Pradesh Government was to exempt the telephone allowance received by members of the Madhya Pradesh State Legislature, under sub-clause (iii) of clause (17) of section 10 of the Income-tax Act, 1961 to the extent of Rs.600 per month in aggregate. This request has been accepted by the Central Government and notification to the effect that telephone allowance will be exempt under sub-clause (iii) of clause (17) of Section 10 of the Income-tax Act, 1961 to the extent of Rs. 600 per month in the aggregate has been issued and sent for publication in the Gazette of India.

The Second request of the Madhya Pradesh Government was to fully exempt the constituency allowance received by the Members of the Madhya Pradesh State Legislature by incorporating a suitable amendment in Sub-clause (ii) of clause (17) of Section 10 of the Income-tax Act, 1961. At regards this request it is stated that various policy measures and amendments of law are considered by the Government as a part of budgetary exercise every year and the Government decisions are reflected in the budget documents. At this stage it will not be possible to make any comment.

[English]

Trade Agreement with Bangladesh

3128. PROF. JITENDRA NATH DAS : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government have made an agreement to start trade with Bangladesh; and

(b) if so, the details thereof alongwith the items of trading?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). The Current Trade Agreement between India and Bangladesh was signed on 4th October, 1980 for expansion and promotion of trade between the two countries. The agreement was initially for a period of three years and this has been extended for successive periods of three years since 4.10.83. The agreement was last extended for a further period of three years w.e.f. 4th October, 1995. The agreement governs the trade relations between the two countries and provides for cooperation between India and Bangladesh in all the areas relating to bilateral trade. The Main features of the Agreement are :-

(i) the bilateral trade shall be effected in freely convertible currencies,

(ii) both countries shall accord Most Favoured Nation (MFN) status to each other; and

(iii) both Governments shall allow usage of their waterways, railways and road for bilateral trade and for passage of goods between two places in one country through the territory of the other.

The two countries trade in a variety of commodities, details of which are given in DGCI&S monthly publication titled "Foreign Trade Statistics of India", which is available in Parliament Library.